

Regional Sovereign Ratings Perspectives

Risk Rating Agencies rule on the issuance of debt instruments and on issuers of securities such as countries, corporations, private or public sector entities, among others; to establish ratings with the degree of risk that such instrument represents for the investor, and may be investment grade risk ratings or speculation grade risk ratings. In the event of countries, it is called country risk ratings or sovereign ratings. This rating has a real economic impact on international financial markets, that is, the closer the sovereign rating is to the investment grade, the greater the attractiveness to invest; on the other hand, the situation is the opposite with the ratings that are more speculative.

Recovery after the COVID-19 pandemic has been a priority for the economies of countries globally. Certainly, economies have managed to improve their economic, health, social and financial conditions during 2022; however, the context of high uncertainty and multiple risks for the global economy still persists. Credit rating agencies have made various rating changes and modifications to the credit outlook for emerging countries during 2023 and 2024.

The Latin American economies with “investment grade” sovereign ratings are: Chile, the country with the best sovereign rating, followed by Uruguay, Mexico and Peru. Colombia and Paraguay also have investment grade with Moody’s Investors Service (Moody’s), but not with Standard and Poor’s (S&P) and Fitch Ratings (Fitch).

Table 1: Comparison of sovereign ratings of Latin American countries 2023-2024

Interpretation:

= The rating is kept

↓ The rating/outlook lowered

↑ The rating/outlook went up

		Dec-2023				Dec-2024			
Country	Rating Agency	Rating		Outlook		Rating		Outlook	
Paraguay	Moody's	Ba1	=	Positive	=	Baa3	↑	Stable	↓
	Standard & Poor's	BB	=	Stable	=	BB+	=	Stable	=
	Fitch	BB+	=	Stable	=	BB+	=	Stable	=
Brazil	Moody's	Ba2	=	Stable	=	Ba1	↑	Positive	=
	Standard & Poor's	BB	=	Stable	=	BB	=	Stable	=
	Fitch	BB	=	Stable	=	BB	=	Stable	=
Peru	Moody's	Baa1	=	Negative	=	Baa1	=	Stable	↑
	Standard & Poor's	BBB	=	Negative	↓	BBB-	↓	Stable	↑
	Fitch	BBB	=	Negative	=	BBB	=	Stable	↑
Chile	Moody's	A2	=	Stable	=	A2	=	Stable	=
	Standard & Poor's	A	=	Negative	↓	A	=	Stable	=
	Fitch	A-	=	Stable	=	A-	=	Stable	=
Bolivia	Moody's	Caa1	=	Negative	=	Caa3	↓	Stable	↑
	Standard & Poor's	CCC+	↓	Negative	=	CCC+	=	Negative	=
	Fitch	B-	=	Negative	↓	CCC	↓	-	-
Colombia	Moody's	Baa2	=	Stable	=	Baa2	=	Negative	↓
	Standard & Poor's	BB+	=	Stable	=	BB+	=	Negative	↓
	Fitch	BB+	=	Stable	=	BB+	=	Stable	=
Costa Rica	Moody's	B1	↑	Positive	↑	Ba3	↑	Positive	=
	Standard & Poor's	BB-	=	Stable	=	BB-	=	Positive	↑
	Fitch	BB-	↑	Stable	=	BB	↑	Stable	=
Mexico	Moody's	Baa2	=	Stable	↑	Baa2	=	Negative	↓
	Standard & Poor's	BBB	=	Stable	=	BBB	=	Stable	=
	Fitch	BBB-	=	Stable	=	BBB-	=	Stable	=
Argentina	Moody's	Ca	=	Stable	=	Ca	=	Stable	=
	Standard & Poor's	CCC-	↑	Negative	↓	CCC	↑	Stable	=
	Fitch	CC	↑	-	-	CCC	↑	-	-
Uruguay	Moody's	Baa2	=	Positive	↑	Baa1	↑	Stable	↓
	Standard & Poor's	BBB+	↑	Stable	=	BBB+	=	Stable	=
	Fitch	BBB	↑	Stable	=	BBB	=	Stable	=

Ecuador	Moody's	Caa3	-	Stable	-	Caa3	-	Stable	-
	Standard & Poor's	B-	-	Stable	-	B-	-	Negative	-
	Fitch	CCC+	↓	-	-	CCC+	-	-	-

Source: Moody's, S&P and Fitch (Dec-2024)

In October 2024, Moody's has decided to raise Brazil's rating from Ba2 to Ba1 after several years of having kept it in this position, and decided to keep the positive outlook, the country's credit profile that reflects a large size and economic diversification, a solid external liquidity and a favorable public debt structure, while S&P and Fitch keep their ratings and outlooks.

Chile has managed to keep its ratings and outlook with the three rating agencies, in addition to being the country with the highest rating level in the region. Moody's has emphasized that Chile's fiscal metrics is supported by a high institutional and governance strength, thus contributing to solid and predictable economic management. Meanwhile, S&P has reviewed the outlook from negative to stable, due to a better fiscal trajectory. They expect continuity in fiscal and monetary policies, which also indicates its institutional stability. Fitch, on the other hand, has mentioned Chile's economic and fiscal solidity, a robust sovereign balance sheet, solid governance indicators and a record of credible macroeconomic policies focused on an inflation targeting regime and a flexible exchange rate.

Concerning **Bolivia**, in October 2024, S&P has decided to keep the sovereign rating at CCC+, as well as the negative outlook. This is justified by economic and fiscal challenges that could have negative consequences in the fulfillment of its obligations. On the other hand, Fitch, in February 2024, has decided to review Bolivia's rating downward from B- to CCC, indicating concerns about fiscal sustainability and a low capacity to respond to possible economic shocks. As for Moody's, in October 2024, it decided to keep its rating at Caa3 (Stable), explained by a decrease in the balance of International Reserves and a high political risk.

Costa Rica is one of the countries that has obtained changes in its rating in positive terms during 2023-2024. In September 2024, Moody's improved Costa Rica's sovereign rating from B1 to Ba3, with a positive outlook. This is reflected in an effective debt management and a sustained economic growth. Meanwhile, S&P, in October 2024, has kept Costa Rica's rating at BB-; however, it improved the outlook from stable to positive, highlighting the country's efforts to keep the current account deficit under control and to achieve a consecutive primary surplus. On the other hand, Fitch, in February 2024, has improved the sovereign rating from BB- to BB with a stable outlook based on the consolidation of fiscal management, access to international financing, reduction of the debt/GDP ratio, solid economic growth and control of inflation.

Concerning **Argentina**, S&P, in August 2024, has decided to keep the country rating at CCC with a stable outlook. On the other hand, Fitch decided to improve the country rating to CCC, while Moody's has kept the country rating at Ca, indicating a high credit risk, as well as a considerable economic uncertainty.

Uruguay is the second investment grade country in the region, after Chile. In March 2024, Moody's has decided to raise the sovereign rating from Baa2 to Baa1, keeping a stable outlook. S&P and Fitch keeps their ratings at BBB+ and BBB and stable outlook, which had been modified in April and June 2023, respectively, with a stable outlook. This reflects confidence in the economic solidity of Uruguay and a high capacity to meet its financial obligations.

Colombia, Mexico and Ecuador have managed to keep their credit ratings with the three rating agencies. In the event of **Colombia**, Moody's has decided to keep its negative outlook, and S&P also keeps its negative outlook; however, Fitch keeps its rating and outlook, while **Mexico** has changed its outlook with Moody's, going from stable to negative. Fitch, on the other hand, keeps its rating and outlook, and lastly, the three rating agencies have decided to keep their rating and outlook.

This regional outlook on country rating provides a general view of the situation in the region; very valuable information for investors to consider. However, it is worth keeping in mind that the country rating is based on the opinion of each of the risk rating agencies. In this regard, although each of the ratings shall have an impact on decision-making, investors who participate in the international market, according to their risk aversion, shall manage the risk they consider to make the decision to invest in the securities of one country or another.

Paraguay Risk Rating in 2024

Paraguay has demonstrated economic resilience, overcoming weather and external challenges, and has even managed to keep a trajectory of sustained growth and price stability in the last three years.

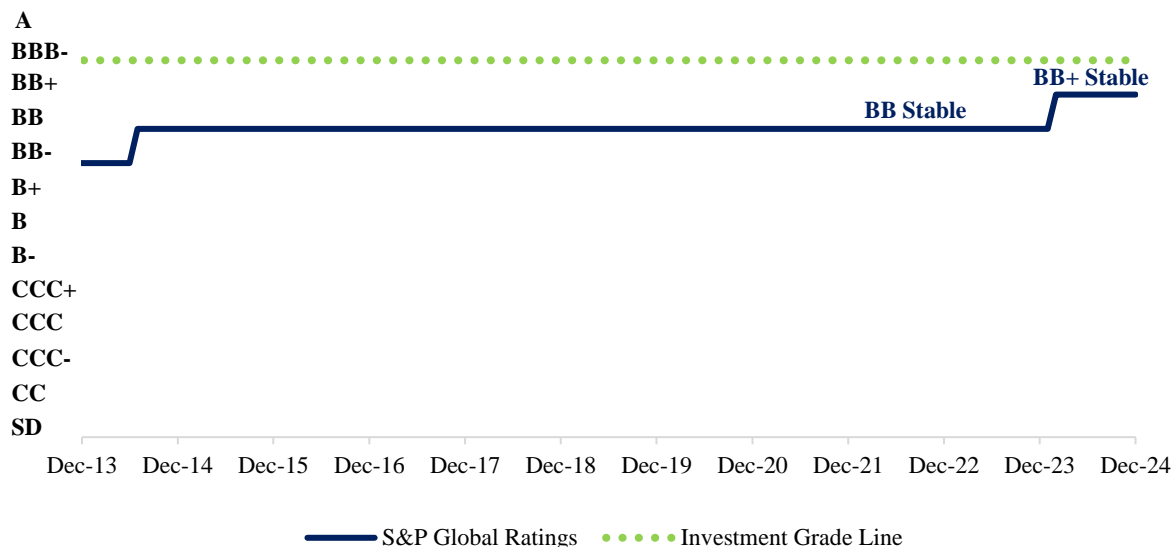
In 2022, economic growth has been affected by adverse weather challenges, which affected agricultural production, resulting in modest economic growth. However, in 2023, it had a rebound, becoming one of the countries with the highest growth in the region, sustained until 2024.

On the other hand, the government, together with the different institutions and sectors, have been working hard on economic diversification, in order to gradually improve the dynamics of the Paraguayan economy and reduce the vulnerability to weather shocks.

In 2023, several institutional reforms were carried out, such as the creation of the National Tax Revenue Directorate, the Ministry of Economy and Finance, the Securities Superintendency and the most recent Superintendency of Retirement and Pension, followed by several regulations enacted by the government during 2023-2024, which seek to guarantee the proper operation of the institutions.

Standard & Poor's has decided to improve Paraguay's rating from BB to BB+ on February 1, 2024 after 10 years, keeping the stable outlook. The report from the aforementioned rating agency emphasizes that the country's government institutions have gradually evolved in recent years, with greater predictability and continuity in Economic Policies through administration changes. It is emphasized that the approval of the laws that create institutions such as the National Tax Revenue Directorate, the Ministry of Economy and Finance, the Securities Superintendence and the most recent, Superintendency of Retirement and Pension, are key to guaranteeing the efficient operation of the institutions.

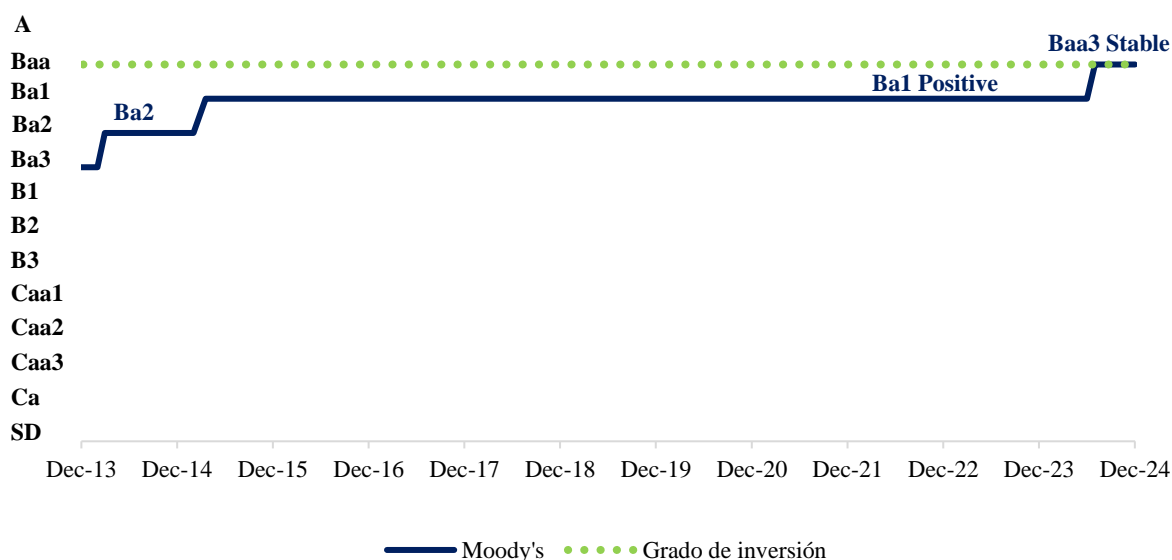
Chart 1: S&P's Sovereign Rating for Paraguay, 2014-2025.



Source: Ministry of Economy and Finance (2025)

Moody's has decided to increase the sovereign rating from Ba1 to Baa3 in its review report of July 26, 2024, changing the outlook from Positive to Stable, thus granting the investment grade to Paraguay, explained by a consistent macroeconomic stability, even considering external challenges and a solid fiscal policy, managing to keep low levels of public debt concerning the GDP, and a prudent management of its resources. They have also highlighted the improvement in the government's institutional capacity, particularly in the implementation of public policies, as well as a stable economic outlook with a sustainable fiscal framework. The rating agency also emphasized Paraguay's ability to attract foreign investment and keep its long-term financial stability.

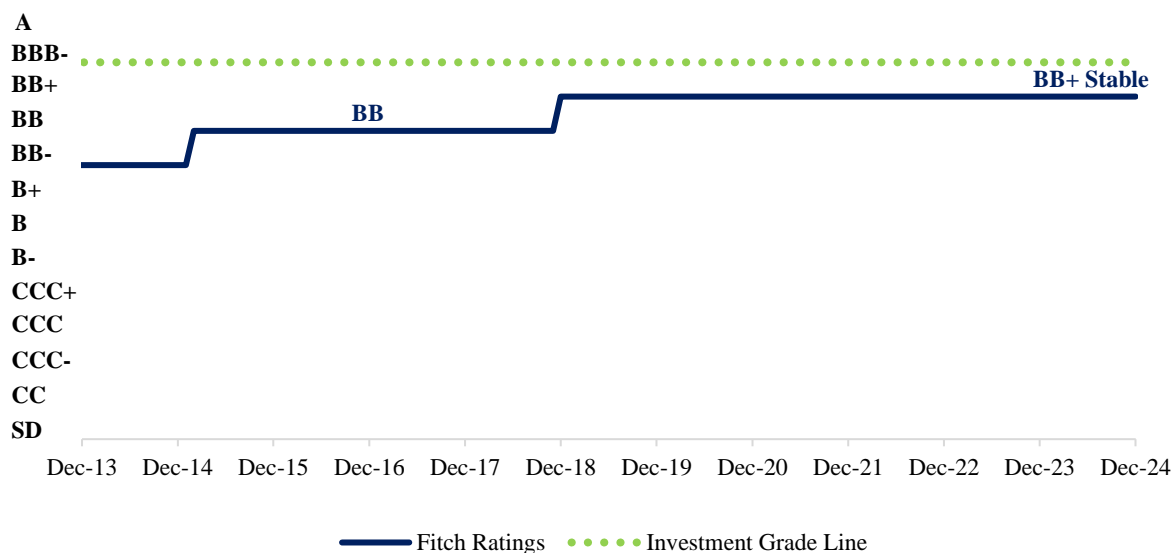
Chart 2: Moody's Sovereign Rating for Paraguay, 2014-2025.



Source: Ministry of Economy and Finance (2025)

Fitch, in October 2024, confirmed the sovereign rating at BB+, keeping the stable outlook. In their report, they highlight the strength of external liquidity. Paraguay has a high level of international reserves, as well as a low public debt compared to other countries with a similar rating, and economic resilience despite external risks, such as market volatility and dependence on key sectors such as agriculture.

Chart 3: Fitch’s Sovereign Rating for Paraguay, 2014-2025.



Source: Ministry of Economy and Finance (2025).

The three risk rating agencies agree that Paraguay is a country with a solid macroeconomic foundation, highlighting its fiscal prudence, a low public debt and resilience considering the external challenges. In addition, it has currently obtained the investment grade with Moody's, S&P and Fitch recognize the good economic performance and stability with which it has been placed, one step away from the investment grade.

Table 2: Sovereign Ratings of Paraguay, 2025.

Risk Rating Agency	Risk Rating	Perspective	Last Review
Standard & Poor's	BB+	Stable	feb-1-2024
Moody's	Baa3	Stable	jul-26-2024
Fitch Ratings	BB+	Stable	oct-22-2024

Source: Ministry of Economy and Finance

Information obtained from

<https://www.fitchratings.com/>

<https://www.moody's.com/>

<https://www.spglobal.com/ratings/en/>